

**AGREEMENT
FOR AUDIT AND ACCOUNTING SERVICES FOR
THE TOWN OF LOVETTSVILLE, VIRGINIA**

THIS AGREEMENT is made and entered into as of this _____ day of _____ by and between the TOWN OF LOVETTSVILLE, Virginia, a municipal corporation in the State of Virginia (the "Town"), and _____, (the "Auditor").

1. Term and Purpose

The purpose of this agreement is to provide for audit and accounting services for the Town for the one year period beginning July 1, 2008 and ending June 30, 2009, as more particularly described in Section 2 of this Agreement, with an option to the Town of up to four annual extensions. The audit shall be conducted in accordance with specifications set by the Virginia Auditor of Public Accounts and the Auditor shall at all times observe and comply with generally accepted auditing and accounting standards and comply with all federal and state laws or regulations applicable to the conduct of this Agreement.

2. Description of Services to be Performed

- a. The Auditor shall perform an audit to obtain reasonable assurance that the general purpose financial statements ("the Financial Statements") of the Town are free of material misstatement; shall examine, on a test basis, evidence supporting the amounts and disclosures in the Financial Statements; shall assess the accounting principles used and significant estimates made by the Town; and shall evaluate the overall Financial Statements presentation.
- b. The Auditor shall report to the Town Council any matters which constitute "Reportable Conditions" under the standards established by the American Institute of Certified Public Accountants.
- c. The Auditor shall provide ongoing accounting advice and services to assist the Town to implement any recommendations made in connection with the audit, to correct any Reportable Conditions noted by the Auditor, and to assist the Town to improve its accounting methods and procedures.

3. Audit and Accounting Services Schedule

- a. The annual audit shall be performed by the Auditor beginning as soon as practicable after the close of the Town's fiscal year on June 30, 2009 and each year thereafter during the term of this agreement. The Auditor's report shall be presented to the Town Council not later than December 31 each year.
- b. Ongoing accounting services shall be provided on an "as needed" basis. The Mayor or Town Treasurer shall call the Auditor with a request for services; such services shall be initiated or provided within two (2) working days of the Town's request.

4. Payments

- a. During the term of this Agreement, the Town shall pay the Auditor for its services under this Agreement the sum of \$_____, based upon an average hourly rate of \$_____. Payment shall be made by the 15th day of the month following receipt of Auditor's invoice for the audit services.
- b. During the term of this Agreement, the Town shall pay the Auditor for its accounting services under this Agreement on an hourly basis, in accordance with the hourly rate schedule attached to this Agreement and made a part hereof. Auditor shall provide the Town with an itemized statement describing the service(s) performed, the date, the Auditor's employee, the time expended, and the applicable hourly rate(s). Payment shall be made by the 15th day of the month following receipt of Auditor's statement for the accounting services.
- c. The Auditor shall pay all costs incurred for: (1) the services of the Auditor's personnel; (2) the preparation and duplication of the Auditor's report; and (3) Auditor's equipment used in connection with the Auditor's report or the ongoing services.
- d. The Auditor shall indemnify and hold harmless the Town, its officers, agents and employees and from any and all suits and claims that may occur in the performance of the Agreement, and from any and all damages to person or property which may be assessed against the Town, or any of its officers, agents or employees by reason of injury to the person or property of others resulting from carelessness in the performance of this Agreement, or through negligence of the Auditor, its agents or employees.

5. Performance Guarantees and Remedies

- a. Auditor understands that an annual audit of the Town's Financial Statements is required. In the event of a breach of this Agreement by the Auditor, any and all sums unpaid to the Auditor as of the date of such breach shall be retained by the Town, the Town shall have the right to terminate this Agreement immediately by sending written notice to the Auditor, and the Town may seek damages from the Auditor. The Auditor agrees that one element of damage for which it may be liable is the difference between the amount paid for audit services under this Agreement and the amount paid to any substituted auditor by the Town for such services.

6. Insurance Required

The Auditor shall provide and keep in force throughout the term of this Agreement Workman's Compensation Insurance for all personnel employed in connection with the performance of audit and ongoing accounting services for the Town. Limits shall not be less than specified by statute.

7. Official Contact

The Mayor shall be responsible for the Town's obligations under this Agreement. The Auditor shall provide the Mayor with the name, business address, and business and home telephone numbers of the Auditor's representative responsible for fulfilling the terms and conditions of this Agreement on behalf of the Auditor. The Mayor shall make all necessary interpretations of the terms of this Agreement.

8. Assignment

The Auditor shall not assign to another person or entity all of any portion of the services to be performed hereunder without the prior written consent of the Town Council and in the event that such consent be obtained, the Auditor remains liable for the faithful performance of the contract.

9. Litigation

In the event of any litigation arising out of breach of this Agreement in which the Town is the successful party, the Auditor shall pay the Town any and all costs and expenses in connection with such litigation, together with all reasonable attorneys' fees.

WITNESS the following signature and seals:

AUDITOR:

BY:

TOWN OF LOVETTSVILLE, VIRGINIA

BY:

Elaine Walker, Mayor

ATTEST:

CLERK

APPROVED:

TOWN ATTORNEY

PROPOSAL SUMMARY

A. Annual Audit Services \$ _____

B. Ongoing Accounting Services (Estimate) \$ _____

(Based on 10 hours of work during the year
at \$_____ average billing rate per hour

C. Schedule of Hourly Rates

Partner/Principal A \$ _____

Partner/Principal B \$ _____

Staff Accountant A \$ _____

Staff Accountant B \$ _____

D. Other \$ _____ N/A